

Message Text

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ORIGIN AF-06

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 L-02 INT-05 /050 R

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FM SECSTATE WASHDC

TO AMEMBASSY FREETOWN

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E.O. 11652:N/A

TAGS:EMIN, EINV, EIND, SL

SUBJECT:SRL AND GOSL/BETH STEEL NEGOTIATIONS

REF: A FREETOWN 518; B. FREETOWN 557

1. EMBASSY'S CONCERN RE TIMING SRL RETRENCHMENT ANNOUNCEMENT CONVEYED BARTGREENE ALONG LINES SUGGESTED REFTEL A PRIOR RECEIPT REFTEL B. GREENE STATED SRL PRESIDENT HANVY HAD BEEN INSTRUCTED TO SUBMIT PLAN TO PARENT CO. FOR REDUCING SRL OPERATING COST AND TO ADVISE GOSL PLAN BEING FORMULATED. THIS ACTION NOT NEGOTIATING TACTIC BUT REFLECTION OF BETH STEEL'S CONCERN OVER CONTINUING HIGH COST OF OPERATING IDLE MINE.

2. BETH STEEL ORIGINALLY PLANNED TO MAKE RETRENCHMENT ANNOUNCEMENT ONLY IF NEXT NEGOTIATING SESSION ENDED WITHOUT
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AGREEMENT BEING REACHED. THIS TIMING HOWEVER BEING RE-

CONSIDERED IN VIEW GOSL'S POSTPONEMENT UNTIL APRIL 10 OF MEETING WITH BETH STEEL NEGOTIATORS DUE TO UNAVAILABILITY GOSL NEGOTIATING TEAM. WHILE BETH STEEL BELIEVES THIS FIRM DATE, THERE LINGERING FEARS SESSION WILL EITHER BE POSTPONED AGAIN OR GOSL TEAM WILL BE ILL-PREPARED TO NEGOTIATE FULLY ALL MATTERS. THIS LATEST POSTPONEMENT, WHEN VIEWED IN CONTEXT OF SIX MONTH PERIOD PROJECT ALREADY

HAS BEEN DELAYED AT SUBSTANTIAL COST OF ABOUT DOLS 600,000, CLEARLY DISTRESSING TO BETH STEEL.

4. BETH STEEL'S ALSO CONCERNED ABOUT DELCO PROPERTY. DESPITE ASSURANCES OF GOSL'S INTEREST IN BETH STEEL'S PARTICIPATION, COMPANY HAS YET TO RECEIVE RESPONSE TO ITS DECEMBER 12 PROPOSAL. GREENE COMMENTED THAT GOSL RELUCTANCE TO DISCUSS METHOD OF EQUITY AQUISITION IN SRL COMPLETELY UNACCEPTABLE. GREENE ALSO INDICATED RELATIONS BETWEEN BETH STEEL AND GOSL AT CRITICAL JUNCTURE AND THAT OVERALL INTEREST IN SIERRA LEONE WANING.

5. EXIMBANK BELIEVES FAILURE OF PARTIES TO SETTLE OUTSTANDING MATTERS DURING FORTHCOMING MEETING, OR FURTHER GOSL DELAYS, COULD PROMPT BETH STEEL'S WITHDRAWAL FROM PROJECT. EXIM DESCRIBES CONTINUED DRAIN OF PROPERTY MAINTENANCE EXPENSES AND BETH STEEL'S FRUSTRATION AT INABILITY TO RESOLVE OUTSTANDING ISSUES AS REALISTIC

CAUSES FOR ABANDONMENT. EXIM CONCERNED MAY PROVE IMPOSSIBLE FIND A REPLACEMENT FOR BETH STEEL IF THIS HAPPENS. EXIM BELIEVES OUTCOME OF APRIL 10 SESSION CRITICAL TO ITS RECOVERY OF 12 MILLION DOLLAR EXISTING INVESTMENT.

6. ACTION REQUESTED: EXIM REQUESTS EMBMASSY CONVEY EXIM'S APPREHENSION OVER SIX MONTH DELAY IN REACHING AGREEMENT TO PRESIDENT STEVENS TOGETHER WITH VIEW THAT FURTHER DELAYS COULD VERY WELL JEPORDIZE SRL'S FUTURE, RESULTING IN SUBSTANTIAL LOSS TO EXIM. KISSINGER

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